

RD AN No. 4035 (1942-A)
December 16, 2004

TO: State Directors
Rural Development

ATTN: Staff Responsible for Community Facilities
Loan Processing and Approval

FROM: Russell T. Davis *(Signed by Russell T. Davis)*
Administrator
Rural Housing Service

SUBJECT: Definition of an Essential Community Facility

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to clarify the definition of essential community facilities for the purpose of loan eligibility under RD Instruction 1942-A, section 1942.17(d)(1)(i)(B). The term “facility” contained in RD Instruction 1942-A, section 1942.17(b), is also clarified.

COMPARISON WITH PREVIOUS AN:

This AN replaces RD AN No. 3896 (1942-A) dated September 30, 2003, which expired on September 30, 2004.

IMPLEMENTATION RESPONSIBILITIES:

An essential community facility that meets all of the following criteria is eligible for funding under the Community Facilities loan program:

1. Is a function customarily provided by a local unit of government;
2. Is a public improvement needed for orderly development of a rural community;

EXPIRATION DATE:
December 31, 2005

FILING INSTRUCTIONS:
Preceding RD Instruction 1942-A

3. Does not include private affairs, commercial or business undertakings (except for limited authority for industrial parks);
4. Is operated on a nonprofit basis; and
5. Is considered to be the area of jurisdiction or operation for the public bodies eligible to receive assistance or a similar local rural service area of a not-for-profit corporation owning and operating an essential community facility. A community may be a small city or town, county, or multi-county area depending on the type of essential community facility.

RD Instruction 1942-A, section 1942.17(b)(4), contains requirements regarding the legal authority and responsibility that an applicant must exercise to be eligible under the Community Facilities loan program. The term facility, as used in these sections, refers to the physical structure financed and the resulting service provided to rural residents.